The Role of the Regulator

Presentation by: Lukas Musembi
Growing Regulatory concern

- IMR not prioritized by regulators
- The focus was to open mobile market, creating competition, consumer protection, interconnection issues...
- Belief that sufficient competition in national mobile market would spill over to IMR Market
- Increase of “Bill Shock” due to rapid diffusion of smart phones and mobile data applications
- Prompting media and political pressure to tackle the problem of high IMR Prices
Growing regulatory concern: Lack of consumer empowerment

- No advertisement of IMR Charges
- When users are informed they don’t pay attention and they become aware when travelling internationally
- When travelling, a mobile user cannot usually choose his/her Int’l Roaming SP

Consumer empowerment
<table>
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<tr>
<th><strong>Growing regulatory concern...Cont.</strong></th>
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<td>Increased use/dependability of mobile services reflected by the growth in mobile services by subscribers when visiting other countries</td>
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<td><strong>Growth in International travel</strong> (due to opening of economies FDI that stimulated the dvlp of tourism, growth of GDP par capita)</td>
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<td>Development of Mobile application for business, tourism and payments</td>
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<td>Slow decrease of IMR prices over several past years</td>
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<td>IMR prices set by mobile industry</td>
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<td>Increase of Machine to Machine (M2M) traffic</td>
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Why regulate?

- The market is the best regulator – regulation should only do what markets cannot do, or facilitate the effective introduction of markets

- Regulation is necessary to protect vulnerable consumers
Possible market failure?

Market Failure?

Market forces are weak

When freely functioning markets operating without government intervention fail to deliver an efficient or optimal allocation of resources

Economic and social welfare may not be maximized and there will be a loss of economic efficiency

**Main cause:** Absent or asymmetric available information
Unilateral regulatory action?

The Regulator from A can:
- Reduce Retail Prices charged by MNO for call made from B
- Reduce the termination charges

No Incentive for country A if there is no reciprocity of such action

This will NOT benefit resident of Country A when travelling but it will benefit other countries visiting A
Multi-country issue by nature

- No guarantee that unilateral action by one national regulatory authority in its country will on its own lead to reciprocal action in other countries.
- Cooperation between regulators and policy makers either bilaterally or within a region is more likely to be more effective than unilateral action by one national regulatory authority.
Regulatory decision making process

1. Collection of data from operator e.g. using questionnaires
2. Analysis of data
3. Consideration or available regulatory options
4. Stakeholders consultations
5. Decision
6. Post implementation analysis
Optimum tariff setting

Reflect costs

Optimum roaming tariffs

Maximise profit

Encourage appropriate levels of investment

Appropriate level of consumption - affordability to consumers

Maximise profit
Regulatory options

- Remove barriers which may cause high input costs of IMR e.g. remove SIIT, monopolies on international gateways
- Swift complaint resolution framework
- Sharing of information with other regulators
- Encourage introduction of various types of roaming alternatives/substitutes e.g. MVNO’s
- Access to free local emergency services
# Regulatory options: Consumer empowerment

- Protect and empower subscribers to help them to manage their usage of mobile services when abroad

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<th>Warning – “applications on Smartphones may incur charges when roaming”</th>
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<td>Obligating operators to publish roaming prices (voice, SMS and data) available on mobile operator's web sites.</td>
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<tr>
<td>Information of a technical nature available on web sites – e.g. how to de-activate data roaming services while roaming</td>
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<tr>
<td>Information on partner network preferred in a visited country;</td>
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<tr>
<td>Process to follow if subscriber has been inadvertent roaming;</td>
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Ensure that there are no obstacles in the market so that any opportunities to create competition are maximised.

Initiate and engage in bilateral/multilateral actions in order to develop a competitive international mobile roaming service market.
Conclusion

“Long term solution is the creation of sustainable competition in the IMR market”
THANK YOU

Open Discussion

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